

Message Text

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11

ACTION XMB-07

INFO OCT-01 EA-11 ADP-00 COME-00 EB-11 EUR-25 RSC-01 RSR-01

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R 090830Z AUG 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 9401

LIMITED OFFICIAL USE SEOUL 5259

E.O. 11652: N/A

TAGS: KTRD, KS

SUBJECT: FINANCING OF HANIL CEMENT PLANT EXPANSION

REF: SEOUL 5198

1. IN FOLLOW-UP WITH EPB WITH RESPECT PARA 3 REFTEL, VICE MINISTER LEE, JAE SUL, EXPLAINED CURRENT ROKG POSITION REGARDING CREDIT CEILING OF IMF STANDBY AGREEMENT. LEE STATES THAT CEILINGS WERE ORIGINALLY INCLUDED IN STANDBY TO INFLUENCE BETTER EXTERNAL DEBT STRUCTURE AND IMPROVE BALANCE OF PAYMENTS. SINCE THESE OBJECTIVES HAVE BEEN GENERALLY REALIZED CONTINUED RELIANCE ON FIXED CEILING TO CONTROL INVESTMENT AND EXTERNAL FINANCING DECISIONS WOULD BE CONTRARY TO GENERAL PURPOSE OF STANDBY AGREEMENT AND TO CURRENT NEEDS OF THE KOREAN ECONOMY. THIS MATTER HAD BEEN DISCUSSED BY LEE WITH IMF RESIDENT REP AND WE HAVE CONFIRMED THAT HE SEES NO ECONOMIC REASON FOR STRICT ADHERENCE TO 3-10 YEAR SUB-CEILING.

2. WITH RESPECT TO THE HANIL PROJECT, LEE GAVE ASSURANCES THAT APPROVAL DECISION WHEN THE APPLICATION IS RECEIVED FROM HANIL WOULD NOT BE INFLUENCED BY RELATIONSHIP OF CREDIT ARRANGEMENTS PROPOSED FOR THE PROJECT TO THE CEILING UNDER THE STANDBY AGREEMENT. APPARENTLY HWANG STATEMENT PARA 3 REFTEL

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RELATIVE TO SUGGESTION POSTPONEMENT HANIL APPLICATION

IS NO LONGER APPLICABLE. IT IS ANTICIPATED
THAT HANIL WILL SUBMIT ITS APPLICATION TO THE EPB
FOR INTERMINISTERIAL APPROVAL AS SOON AS CONTRACT
DECISIONS ARE FIRM, POSSIBLY BY LATE AUGUST.

3. LEE STATED THAT THIS POSITION WOULD APPLY, AS
NECESSARY, FOR PROJECTS INVOLVING EXIM CREDITS
AS ONE MEANS OF INDUCING GREATER VOLUME OF PURCHASES
FROM U.S. HE REQUESTED THE FOREGOING NOT
BE PUBLICLY ANNOUNCED SINCE THE ROKG CURRENTLY
INTENDS CONFINE ITS APPLICATION TO EXIM CREDITS
AS THERE IS NO INTENTION TO MOVE TOWARD SHORTER
TERM CREDITS GENERALLY. DECON 8-8-74.
HABIB

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Disposition Authority: golinofr
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
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Original Handling Restrictions: n/a
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